

Message Text

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TAGS: BEXP, HU

SUBJECT: MORE ON FOREIGN TRADE LAW

REF: BUDAPEST 2830

1. ALTHOUGH TEXT OF LAW STILL NOT AVAILABLE, FURTHER INFORMATION ON MAIN POINTS OF LEGISLATION HAS COME TO LIGHT. INCREASED SAY FOR END-USERS WILL BE REFLECTED IN PROVISION ALLOWING ENTERPRISES WITHOUT FOREIGN TRADE RIGHTS TO PARTICIPATE DIRECTLY IN PREPARATION AND CONCLUSION OF PRODUCTION-COOPERATION AND SPECIALIZATION AGREEMENTS. DISCLAIMER PERMITTING SUCH DIRECT PARTICIPATION ONLY UNDER "APPROPRIATE CONDITIONS" PROVIDES AUTHORITIES NECESSARY REIN.

2. LEGISLATION MAY ALSO PROVIDE IMPETUS FOR GRANTING RIGHT TO ENGAGE IN FOREIGN TRADE TO MORE ENTERPRISES. STATE SECY (SECOND MAN) IN FONTRADE MINISTRY, JENO BACZONI, POINTED OUT IN PRESS CONFERENCE THAT MORE THAN 100
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ECONOMIC ENTERPRISES (END-USERS AND OTHERS) ALREADY HAVE FOREIGN TRADE RIGHTS, AND SUGGESTED MORE ENTERPRISES MIGHT GET

RIGHTS DURING PREPARATION OF NEXT FIVE YEAR PLAN. SAID BOTH LARGE ENTERPRISES AND "ASSOCIATIONS" OR "POOLS" OF SMALLER ENTERPRISES LIKELY RECIPIENTS OF SUCH FOREIGN TRADE RIGHTS.

3. PARLIAMENTARY DEBATE OF LEGISLATION HAS ALSO PROMPTED REVIEW AND POSSIBLE FUTURE MODIFICATION OF FOREIGN TRADE CONTRACT SYSTEM, ACCORDING TO MTI DAILY BULLETIN. PRESUMABLY, THIS MIGHT MEAN MELDING OF PRESENT TWO-STEP SYSTEM, IN WHICH A SINGLE TRANSACTION REQUIRES TWO SEPARATE CONTRACTS-- ONE BETWEEN FOREIGN TRADING ORGANIZATION WITH DOMESTIC ENTERPRISE AND ONE BETWEEN FOREIGN TRADE ORGANIZATION AND THE FOREIGN FIRM.

4. RE BUSINESS REPRESENTATION FOR FOREIGN FIRMS, BACZONI SAID THAT AN "ORDER OF EXECUTION" WILL SOON BE PUBLISHED AND SUGGESTED PREFERENCE IN REPRESENTATION WOULD GO TO FIRMS WHOSE BUSINESS IS "LASTING" AND "OF LARGE VOLUME." MTI BULLETIN MADE ADDITIONAL STATEMENT (NOT SEEN ELSEWHERE) THAT FIRMS INVOLVED IN LARGE-SCALE COOPERATION PROJECTS MIGHT BE GRANTED REPRESENTATION RIGHTS.

5. LAW WILL ALSO UNDERLINE GOVT'S AUTHORITY TO REQUIRE ENTERPRISES TO FULFILL OBLIGATIONS LAID DOWN IN INTERSTATE AGREEMENTS, ACCORDING TO BIRO (MIN FONTRADE). AT SAME TIME, HE SAID GOVT PREPARED TO COMPENSATE FIRMS IF FULFILLMENT OF COMMITMENTS UNPROFITABLE FOR ENTERPRISE.

6. COMMENT: ATTENTION TO FULFILLMENT OF INTERSTATE AGREEMENTS IS MOST RELEVANT TO CEMA TRADE AND SUGGESTS ONE AIM OF LEGISLATION IS TO IMPROVE PERFORMANCE OF FOREIGN TRADE MECHANISM IN SOCIALIST TRADE. IF THIS IS PART OF ANSWER TO EARLIER REPORTED COMPLAINTS (BY SOVIETS, EAST GERMANS AND CZECHS) ABOUT ECONOMIC REFORM AND ITS EFFECTS IN FOREIGN TRADE SPHERE, HUNGARIANS DO NOT APPEAR, AT THIS JUNCTURE, TO HAVE DONE ANY DAMAGE TO ECONOMIC MECHANISM. PEDERSEN

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